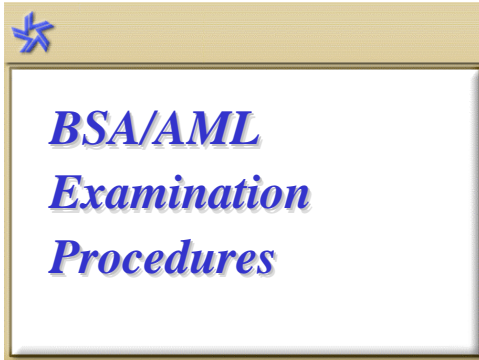


BSA/AML Examination Procedures

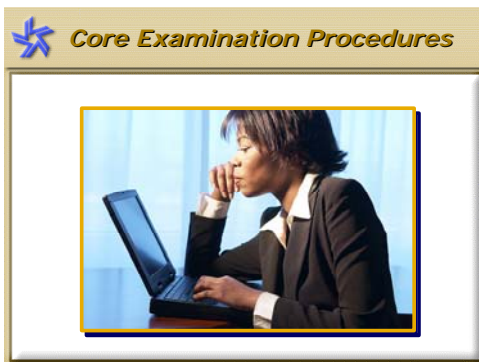
Visual

Narrative

1.

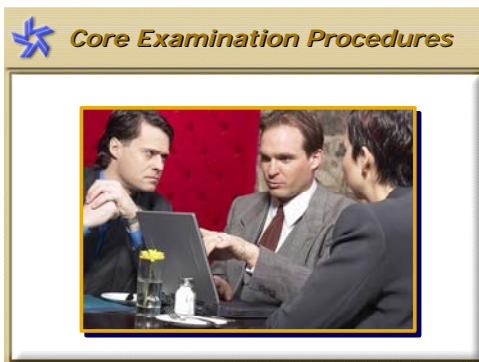


2.



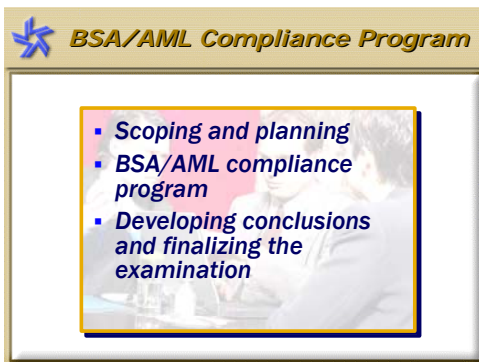
The core procedures serve as a platform for the BSA/AML examination and, for the most part, address legal and regulatory requirements of the BSA/AML compliance program.

3.



The core procedures set forth minimum examination requirements and guide examiners through the scoping process. At a minimum, examiners should use the procedures included in the following core sections of this manual to ensure that the bank has an

4.



Adequate BSA/AML compliance program commensurate with its risk profile:

- Scoping and planning
- BSA/AML compliance program
- Developing conclusions and finalizing the examination

Visual**Narrative**

5.

**Scoping and Planning**

- Off-site monitoring
- Information from prior examinations
- Request letter items
- BSA/AML risk profile
- BSA-reporting databases
- Internal audits reports

The procedures section of the manual starts with a discussion of the scoping and planning process, which generally starts with an analysis of:

- Off-site monitoring information,
- Prior examination reports and workpapers,
- Items completed by bank management in response to a request letter,
- The bank's BSA/AML risk profile,
- BSA-reporting databases, and
- Internal audit reports.

6.

**Scoping and Planning****Primary goal...**

- Identify bank's BSA/AML risks
- Develop appropriate examination scope and plan

The primary goal of scoping and planning activities is to identify the bank's BSA/AML risks and to develop an appropriate examination scope and plan. The manual provides specific steps that examiners should take to achieve that goal.

7.

**Scoping and Planning Considerations**

- BSA/AML compliance program
- Compliance history
- Risk profiles
 - Products
 - Services
 - Customers
 - Geographies



Through adequate planning, examiners will be prepared to establish an appropriate scope for the BSA/AML examination at the individual institution. The scope should be based on what's been learned about the bank's:

- BSA/AML compliance program,
- Compliance history, and
- Risk profiles for the institution's products, services, customers, and geographies.

8.

**Procedure Sections**

- Core examination procedures
- Expanded examination procedures



The manual then provides specific procedures for:


- Core examinations and
- Expanded examinations.

Visual**Narrative**

9. **Procedure Sections**
- **Core examination procedures**
 - *Expanded examination procedures*
- 
10. **Core Procedures**
- Has bank...**
- **Developed**
 - **Administered**
 - **Maintained**
- an effective BSA/AML compliance program?**
11. **Compliance Evaluation**
- **Internal controls**
 - **Independent testing**
 - **BSA compliance officer**
 - **Training**
- The bulk of information in the core procedures relates to assessing the adequacy of the institutions BSA/AML compliance program,
- including a determination of whether the bank has developed, administered, and maintained an effective program for compliance with the Bank Secrecy Act and with all of its implementing regulations.
- Procedures for the overall evaluation of the BSA/AML compliance program also mirror discussion in the Core Overview section of the manual by addressing:
- Internal controls,
 - Independent testing, or audit,
 - BSA compliance officer, and
 - Training

Visual**Narrative**

12.

 **BSA/AML Compliance Areas**

- *Customer Identification Programs (CIP)*
- *Customer due diligence*
- *Suspicious activity reporting*
- *Currency transaction reporting*
- *Currency transaction reporting exemptions*
- *Information sharing*
- *Purchase and sale of monetary instruments*

The core procedures also provide information on each of the BSA/AML compliance areas discussed in the overview section of the manual, including:

- Customer identification programs,
- Customer due diligence,
- Suspicious activity reporting,
- Currency transaction reporting,
- Currency transaction reporting exemptions,
- Information sharing,
- Purchase and sale of monetary instruments,


13.

 **BSA/AML Compliance Areas**


- *Funds transfers*
- *Foreign correspondent accounts*
- *Private banking due diligence for non-U.S. persons*
- *Special measures*
- *Foreign bank and financial accounts reporting*
- *International transportation of currency or monetary instrument reporting*

- Funds transfers,
- Foreign correspondent account recordkeeping and due diligence
- Private banking due diligence program for non-U.S. persons,
- Special measures,
- Foreign bank and financial accounts reporting, and
- International transportation of currency or monetary instruments reporting.

14.

 **Procedure Sections**

- *Core examination procedures*
- *Expanded examination procedures*
 - *Products and services*
 - *Persons and entities*
 - *Enterprise-wide BSA/AML compliance programs*



The expanded procedures are designed to assist examiners in evaluating money laundering risks associated with specific types of products and services or persons and entities—areas that may present unique challenges and exposures and, therefore, require unique policies, procedures, and processes.

The expanded procedures also assist examiners in determining the effectiveness of enterprise-wide BSA/AML compliance programs, which require appropriate controls across an organization.

Visual**Narrative**

15.

**Products And Services**

- Correspondent banking
- Foreign branches and offices of U.S. banks
- Parallel banking
- Electronic banking
- Electronic payment services
- Purchase and sale of monetary instruments
- Deposit and non-deposit account type services

The expanded procedures relating to products and services include information on:

- Correspondent banking, both domestic and foreign,
- Foreign branches and offices of U.S. banks,
- Parallel banking,
- Electronic banking,
- Electronic payment services,
- Purchase and sale of monetary instruments,
- Deposit and non-deposit account type services,

16.

**Products And Services**

- Concentration accounts
- Lending activities
- Trade finance activities
- Private banking
- Trust and asset management services

- Concentration accounts,
- Lending activities,
- Trade finance activities,
- Private banking, and
- Trust and asset management services.

17.

**Persons and Entities**

- Nonresident aliens and foreign individuals
- Politically exposed persons (PEPs)
- Embassy and foreign consulate accounts
- Non-bank financial institutions (NBFI)
- Professional services providers
- Non-governmental organizations and charities
- Corporate entities (domestic & foreign)
- Cash-intensive businesses and entities

...while, information on persons and entities includes that relating to:

- Nonresident aliens,
- Politically exposed persons,
- Embassy and foreign consulate accounts,
- Non-bank financial institutions,
- Professional services providers,
- Non-governmental organizations and charities,
- Corporate entities, domestic and foreign, and
- Cash-intensive businesses and entities.

18.

**Conclusion**

Not all of the core and expanded procedures will likely be applicable to every banking organization.

Visual**Narrative**

19.

**Specific Procedures**

- *BSA/AML risk profile*
- *Quality and quantity of independent testing*
- *Institution's history of BSA/AML compliance*
- *Other relevant factors*

The specific procedures that will need to be performed depend on the BSA/AML risk profile of the banking organization, the quality and quantity of independent testing, the financial institution's history of BSA/AML compliance, and other relevant factors.

20.

**Conclusion**

- *Introduction To FFIEC BSA/AML Materials*
- *Introduction To BSA/AML Issues*
- *Core Overview: Part 1*
- *Core Overview: Part 2*
- *Expanded Overview: Part 1*
- *Expanded Overview: Part 2*
- *BSA/AML Procedures*

This look at the BSA/AML procedures concludes the InfoBase presentations. In total, they have provided a brief, high-level, look at the vast amount of content in the *FFIEC Bank Secrecy Act Anti-Money Laundering Examination Manual*.